



Fourth quarter 2019

Martin Lundstedt, President and CEO

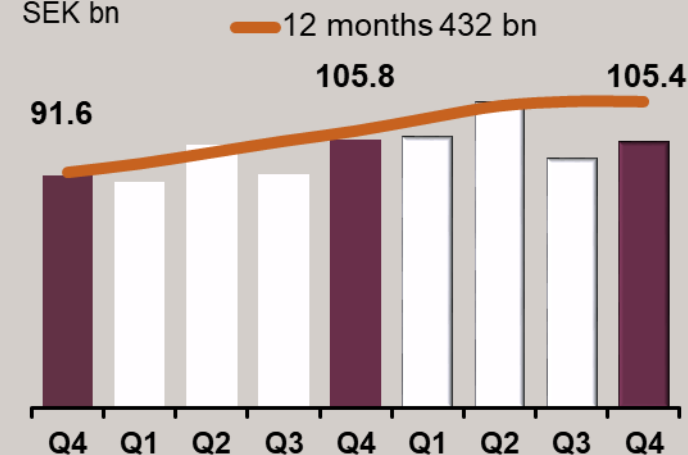
Volvo Group

FOURTH QUARTER HIGHLIGHTS

- Net sales decreased by SEK 0.4 bn, -0.4% (-5% excl. currency)
- Adjusted operating income decreased to SEK 9.2 bn (10.6), corresponding to a margin of 8.8% (10.0)
- Operating cash flow in the Industrial Operations of SEK 19.9 bn (15.5)
- Volvo Group and Isuzu Motors intends to form a strategic alliance

NET SALES

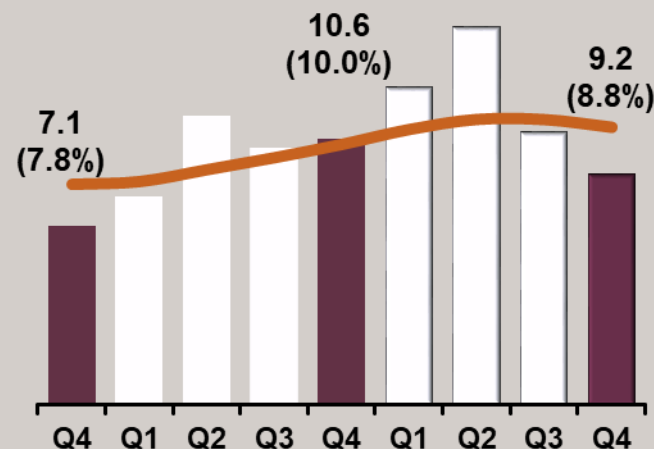
SEK bn



ADJUSTED OPERATING INCOME

(margin)*

12 months 11.1%



Volvo Group

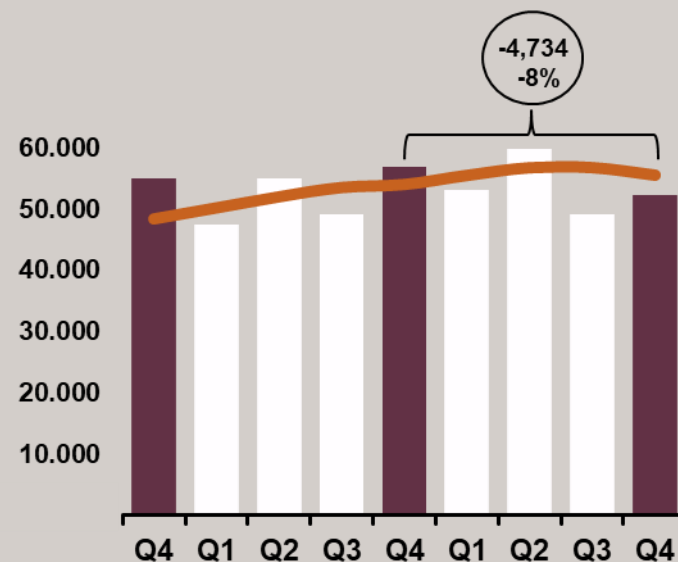
VOLUME DEVELOPMENT IN THE FOURTH QUARTER



TRUCK DELIVERIES

Units HD/MD

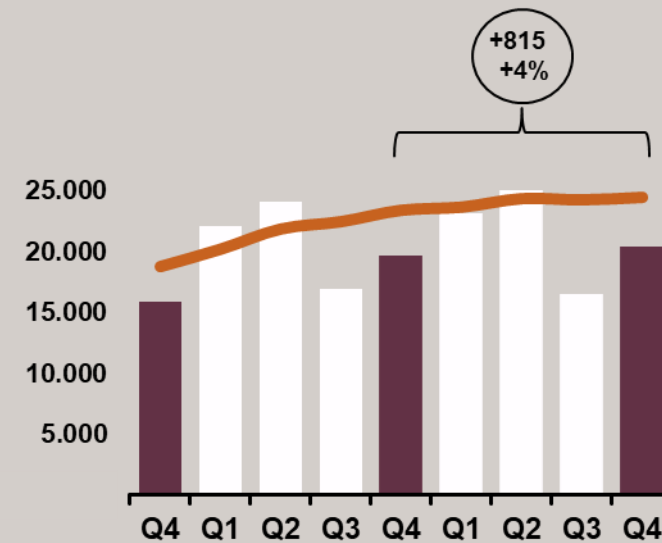
12 months 213,792



MACHINE DELIVERIES

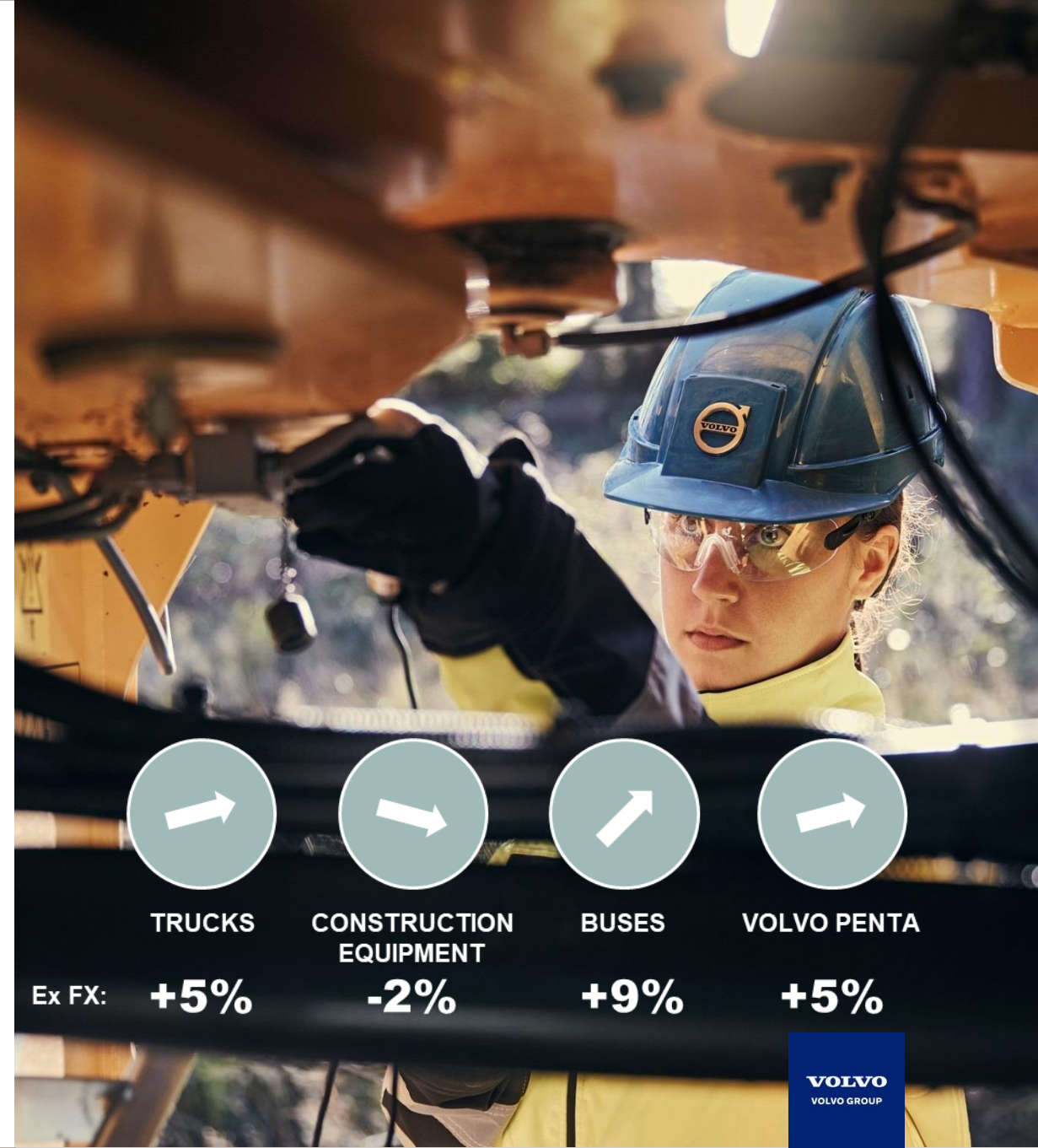
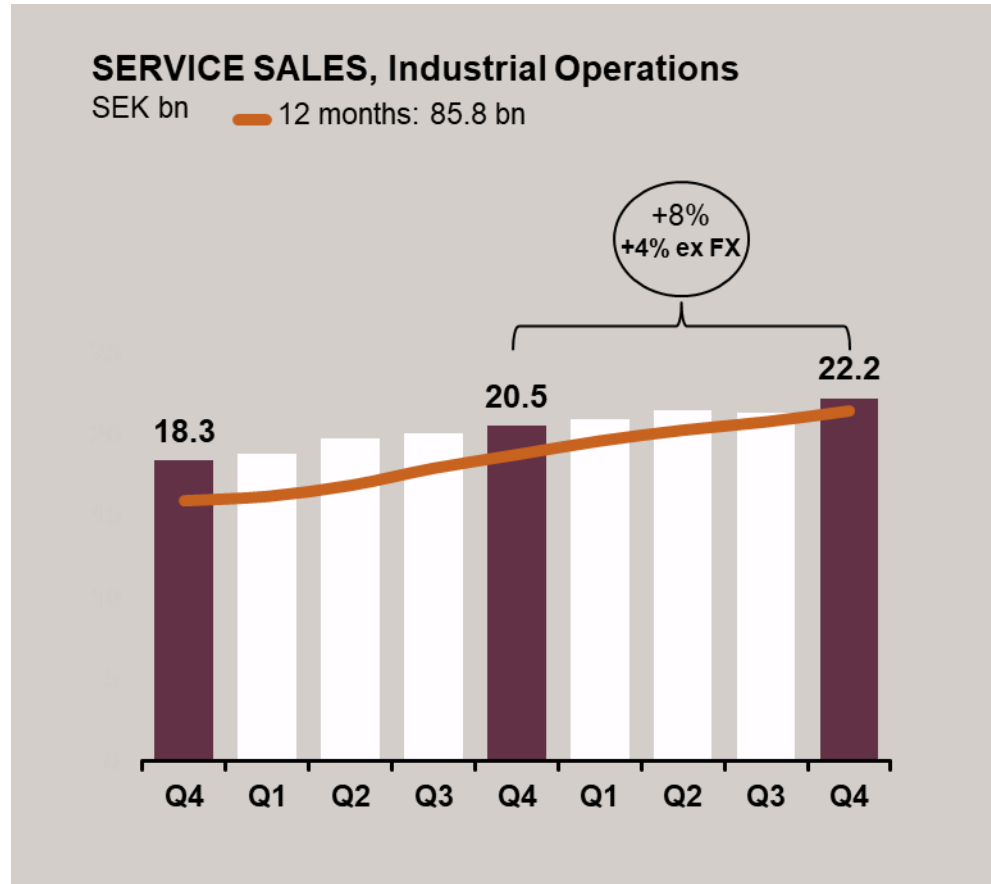
Units

12 months 86,885



Volvo Group

SERVICE SALES DEVELOPMENT



TRUCKS

Ex FX: **+5%**



CONSTRUCTION
EQUIPMENT

-2%



BUSES

+9%



VOLVO PENTA

+5%



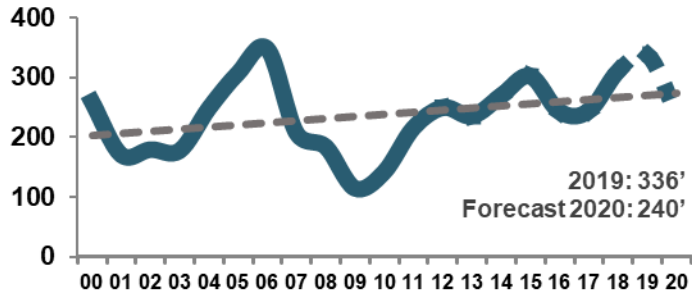
Trucks



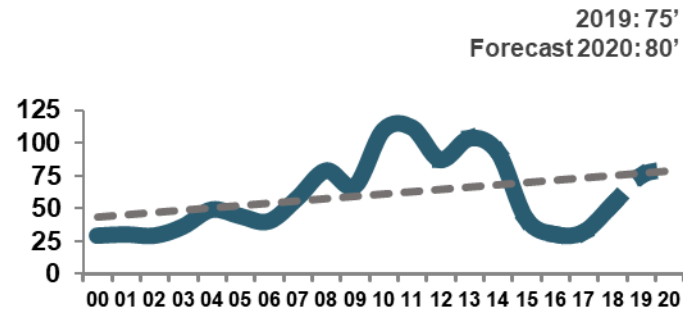
Trucks

MARKET ENVIRONMENT

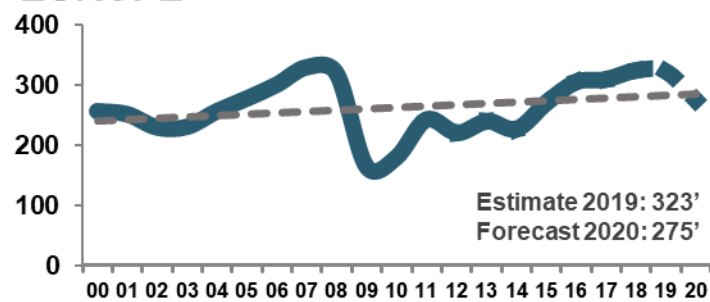
NORTH AMERICA HD



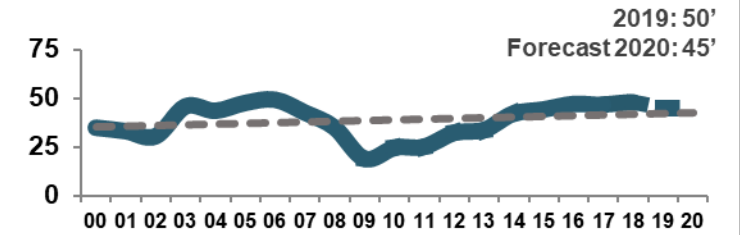
BRAZIL HD



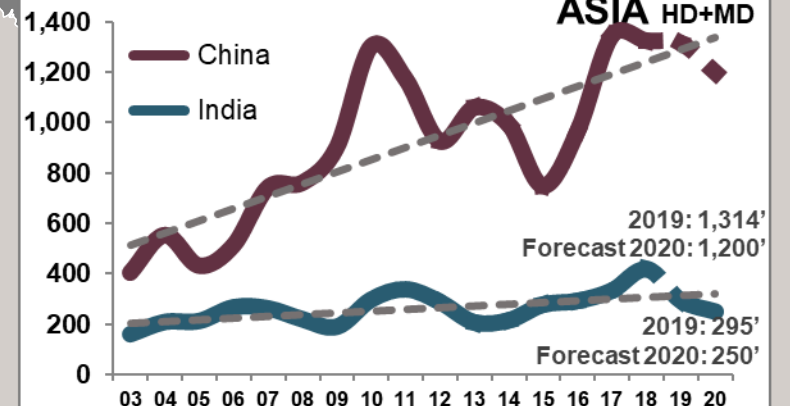
EUROPE HD



JAPAN HD

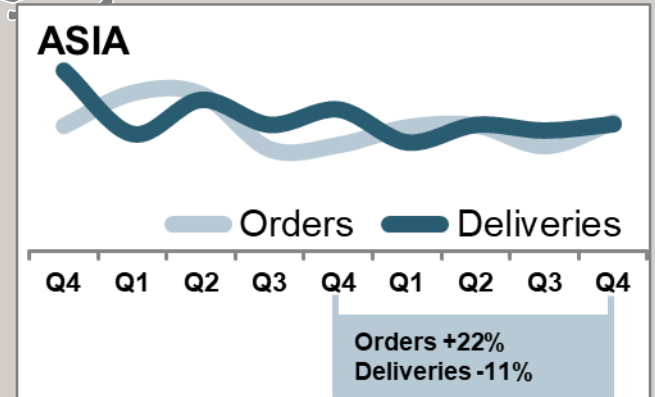
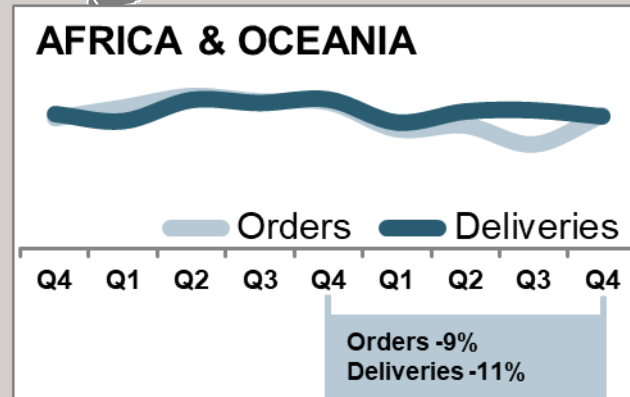
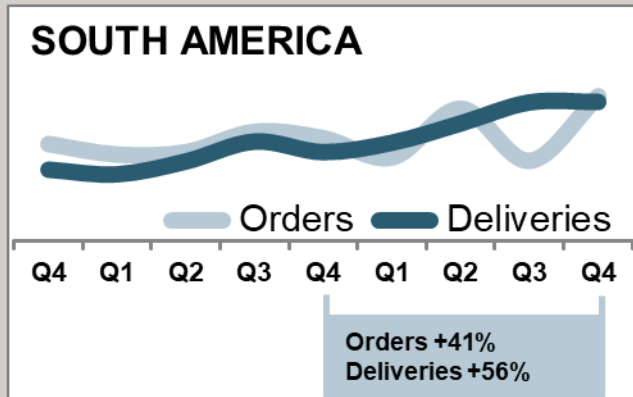
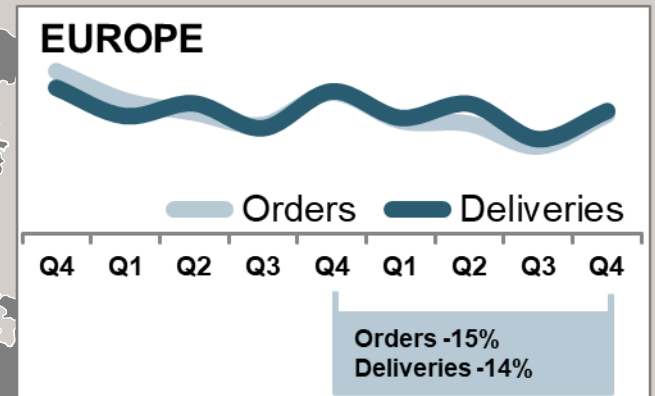
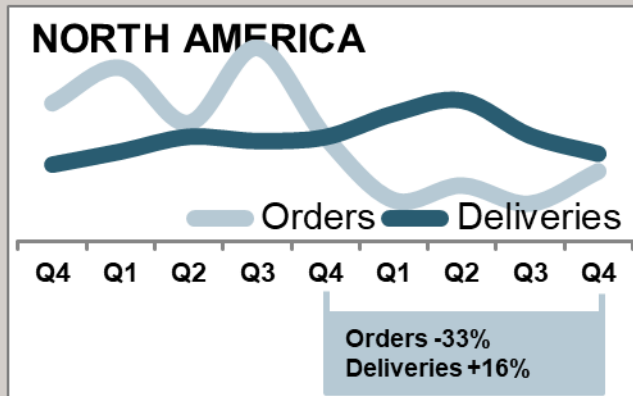


ASIA HD+MD



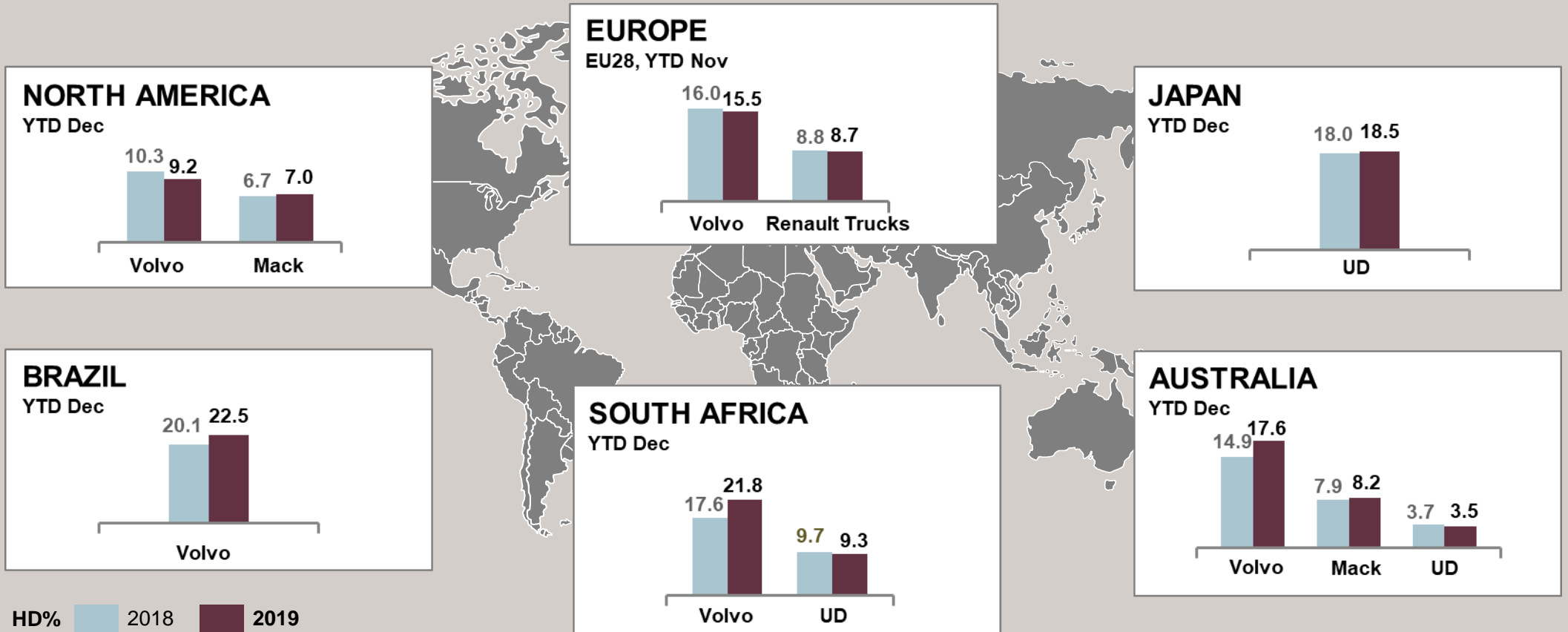
Trucks

HD/MD: QUARTERLY ORDERS -10% AND DELIVERIES -8%



Trucks

MARKET SHARES



Trucks

ELECTRIC HEAVY-DUTY CONSTRUCTION AND REGIONAL HAUL CONCEPTS

- In December, Volvo Trucks released electric concept trucks for regional haul and construction operations
- Aims to explore different solutions and evaluate interest in the market and in society



Mack LR Electric



Trucks

VOLVO GROUP AND ISUZU MOTORS INTENDS TO FORM STRATEGIC ALLIANCE

- A non-binding Memorandum of Understanding signed with the intent to:
 - form a strategic alliance within commercial vehicles
 - establish a global technology partnership
 - transfer the ownership of UD Trucks



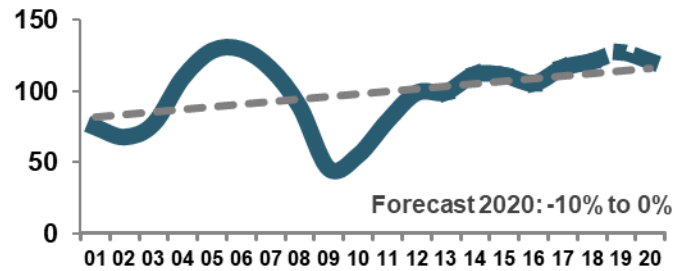


Construction Equipment

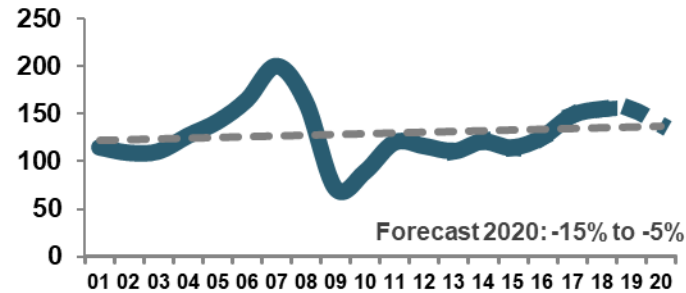
Construction Equipment

MARKET ENVIRONMENT

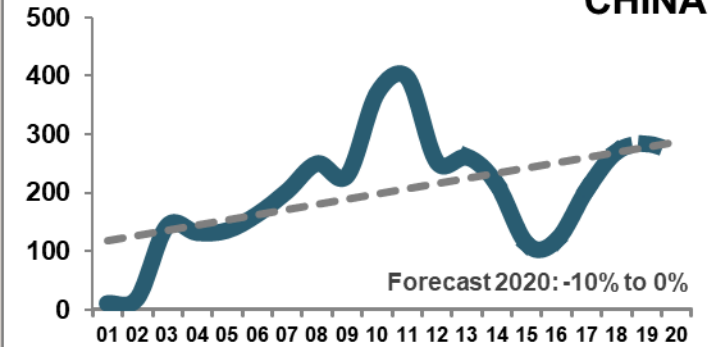
NORTH AMERICA



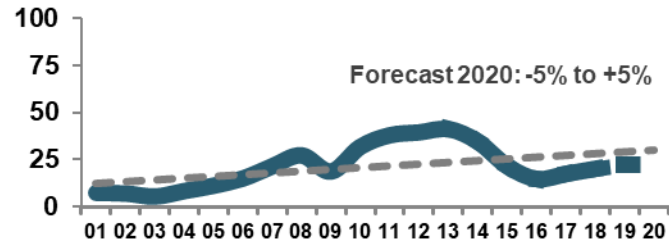
EUROPE



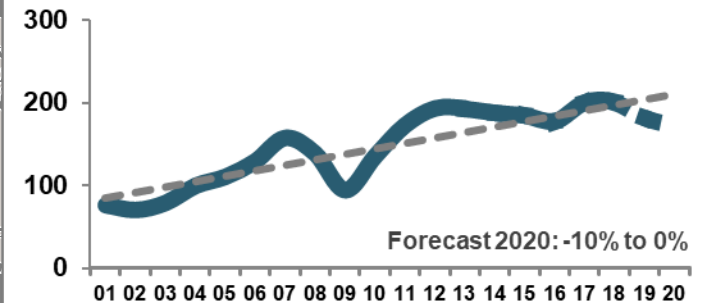
CHINA



SOUTH AMERICA

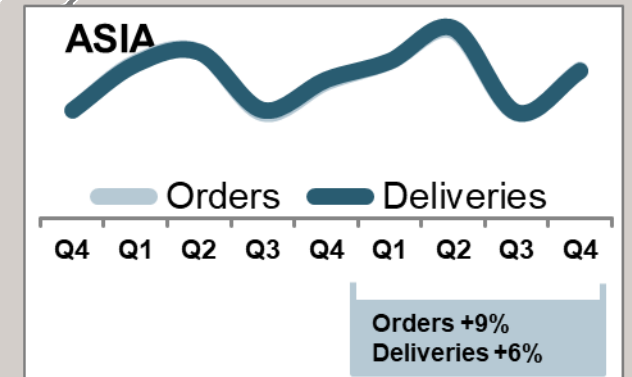
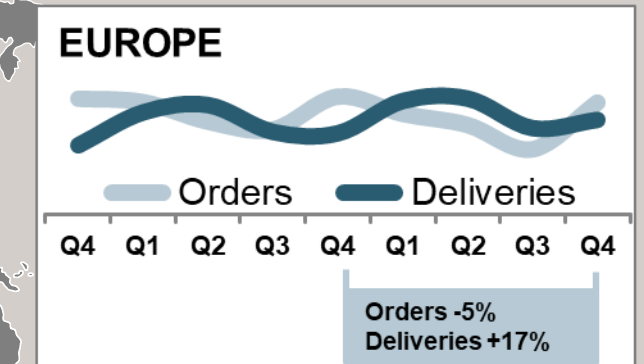
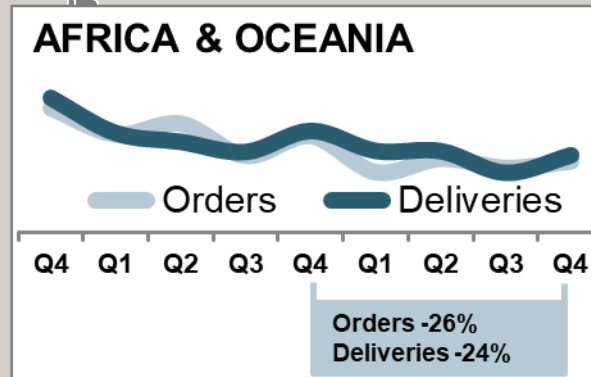
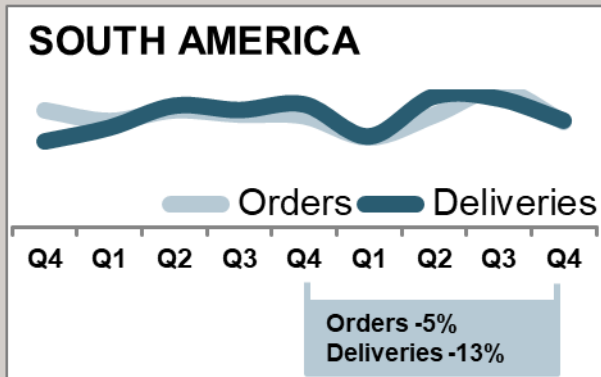
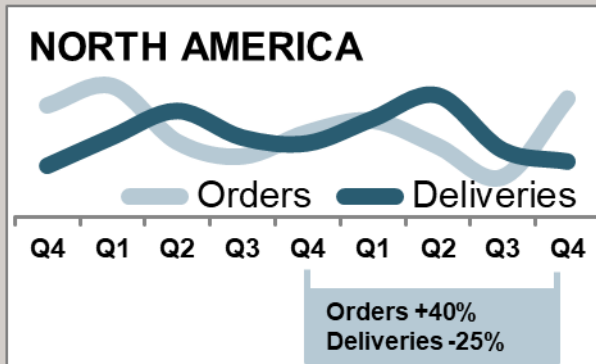


ASIA (excl. China)



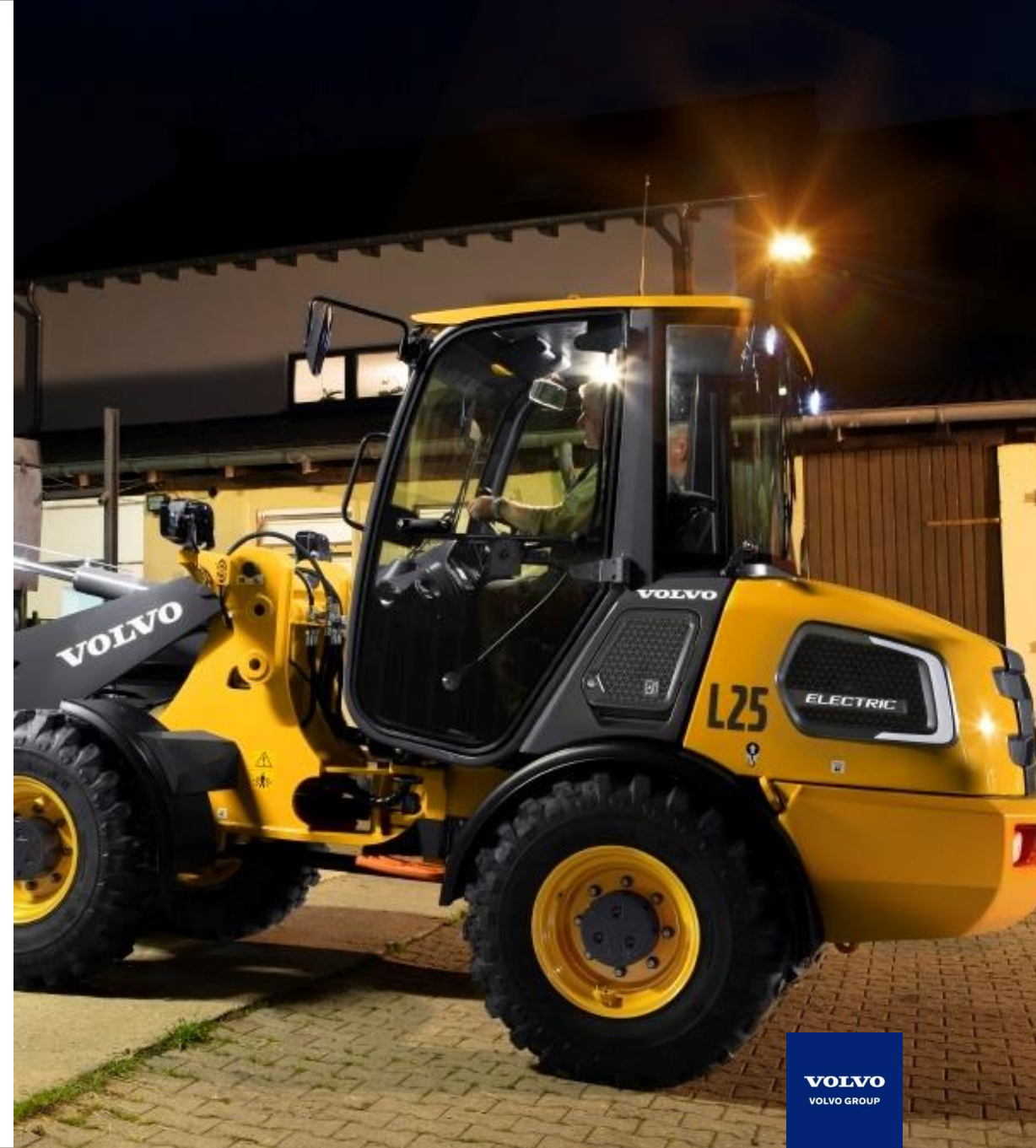
Construction Equipment

QUARTERLY ORDERS +6% AND DELIVERIES +4%



Construction Equipment

- Gaining market shares in China:
 - Large excavators 10.6% (10.1)
 - Wheel loaders 24.3% (21.3)
- Leick Baumschulen, the first customer to test the L25 electric compact wheel loader
- The L25 electric compact wheel loader and the ECR25 electric compact excavator moves into serial production in Q3



Buses

- Orders decreased by 9% driven by the large order to Bogota, Colombia in 2018
- Record order of 307 Prevost commuter buses to New York City and 157 Volvo Electric Articulated buses to Gothenburg
- Deliveries increased by 6% mainly in the Nordics, Mexico and South America



Volvo Penta

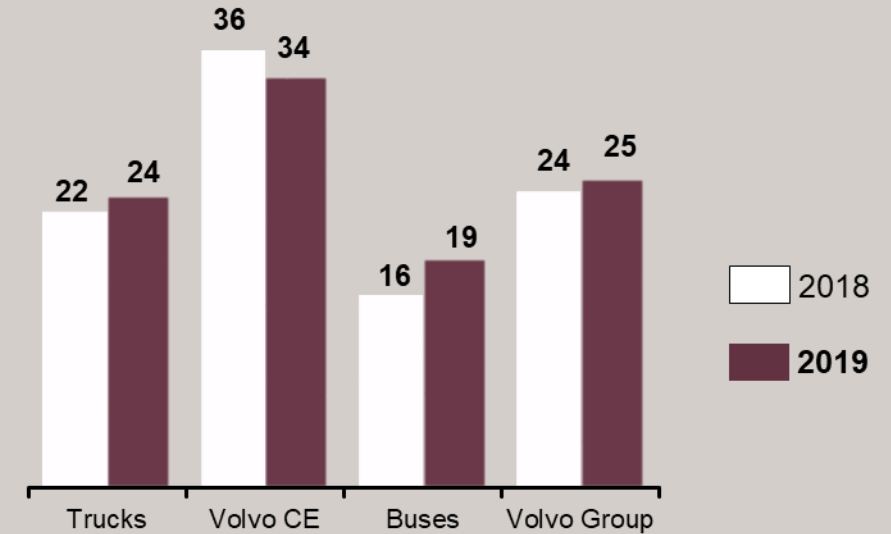
- Order intake on par with last year
- Deliveries decreased by 37% mainly due to strong pre-buy of industrial off-road engines in 2018
- Volvo Penta revealed new D8 and D13 power generation engines to meet EU Stage V regulations



Financial Services

- Record quarterly new business volume
- Improved penetration
- Fully integrated commercial offer at Fenatran trade show in Brazil

PENETRATION RATE, %
12 months moving



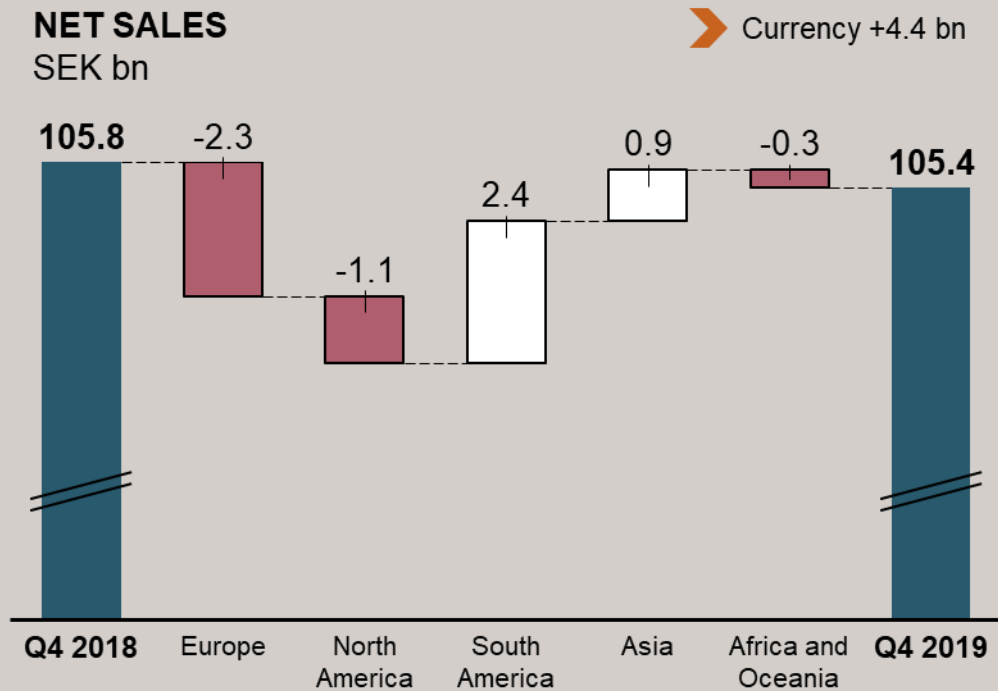


Fourth quarter 2019

Jan Ytterberg, CFO

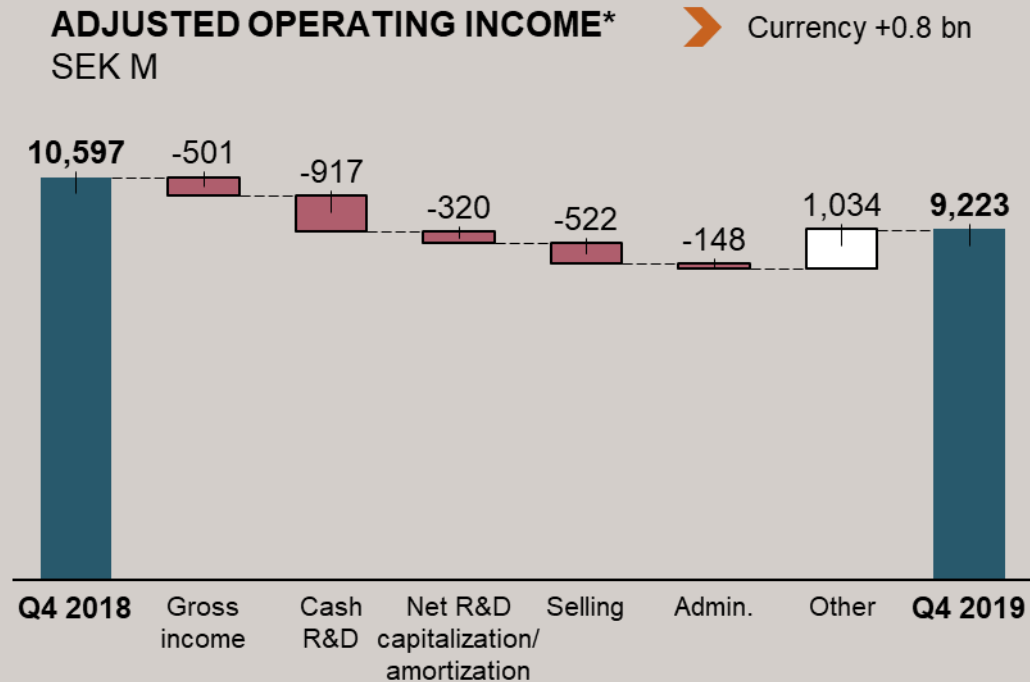
Volvo Group

NET SALES PER MARKET



Volvo Group

ADJUSTED OPERATING INCOME CONTRIBUTORS



*Adjustments, see note 7 in Q4 report:
Q4 2018: Significant one-time item of SEK -7,000 M
Q4 2019: Significant one-time item of SEK 156 M

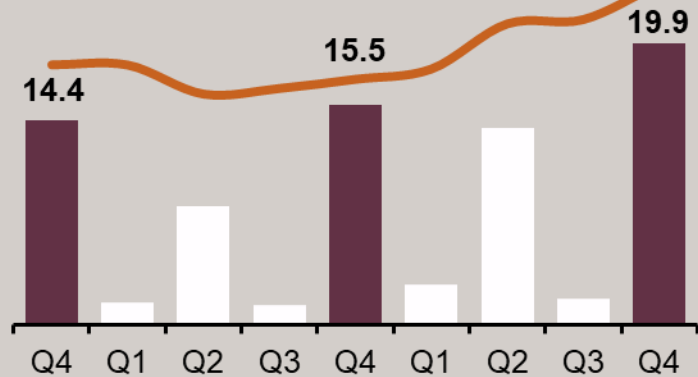
-
- ➡ + Service earnings
+ JV income
+ Capital gain from sales of real estate
 - ➡ - Vehicle volumes
- R&D costs
- Mix
- Strike and costs connected to new union contract

Volvo Group – Industrial Operations

CASH FLOW

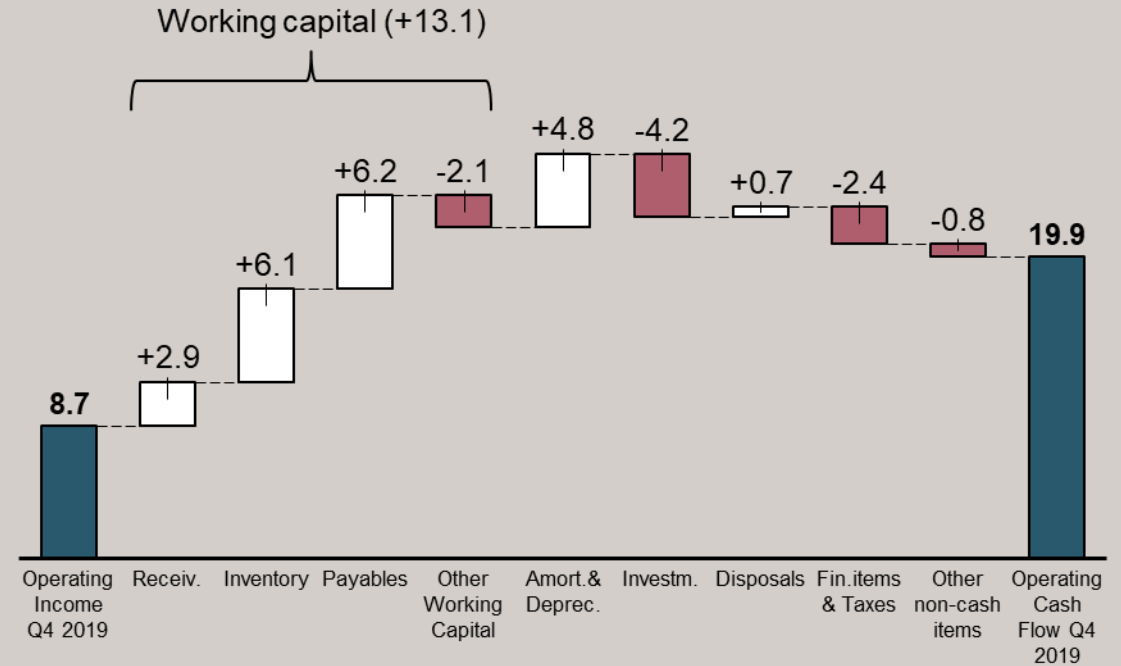
OPERATING CASH FLOW

SEK bn 12 months SEK 38.3 bn



OPERATING CASH FLOW

SEK bn

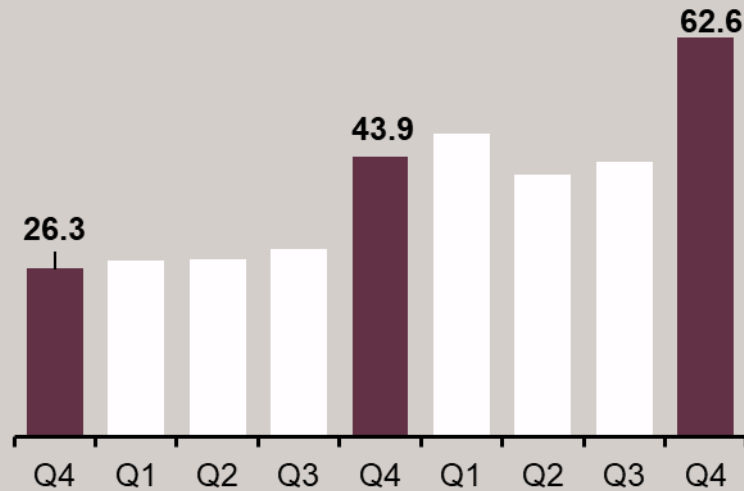


Volvo Group – Industrial Operations

NET FINANCIAL POSITION

FINANCIAL POSITION, EXCL. PENSIONS AND
LEASE LIABILITIES (as of Jan 1, 2019)

SEK bn

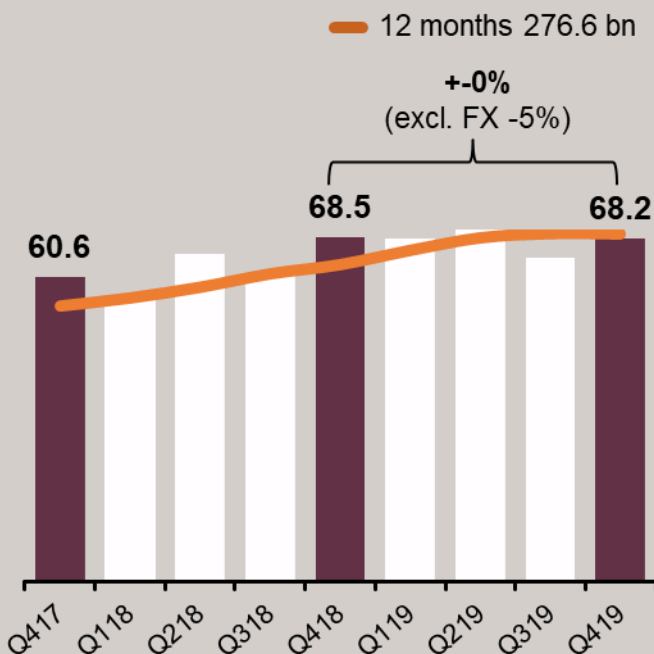


Trucks

NET SALES AND ADJUSTED OPERATING INCOME

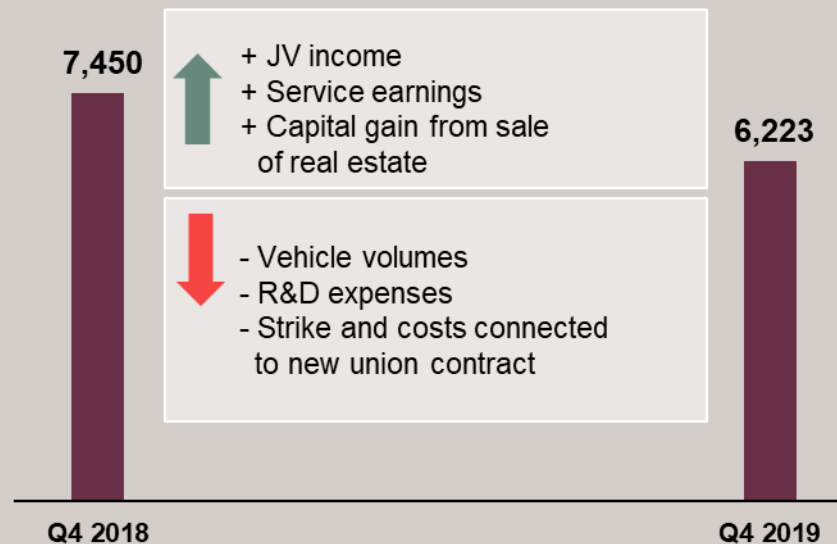
NET SALES

SEK bn



ADJUSTED OPERATING INCOME*

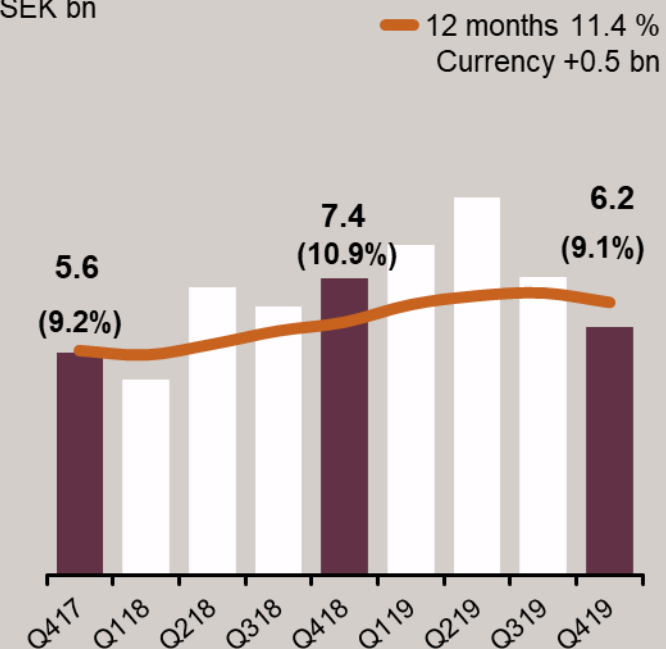
SEK M



ADJUSTED OPERATING INCOME

(margin)*

SEK bn



*Adjustments, see note 7 in Q4 report:

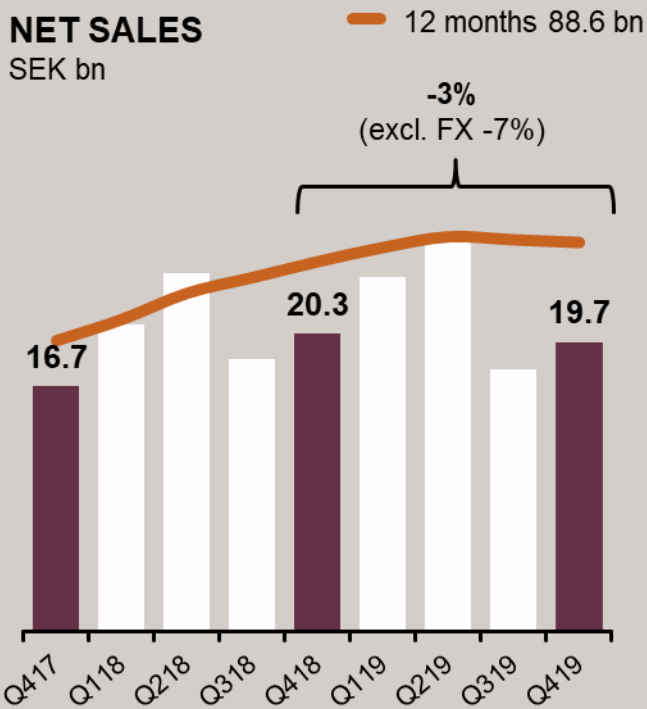
Q4 2018: Significant one-time item of SEK -6,810 M

Q4 2019: No adjustments

Construction Equipment

NET SALES AND ADJUSTED OPERATING INCOME

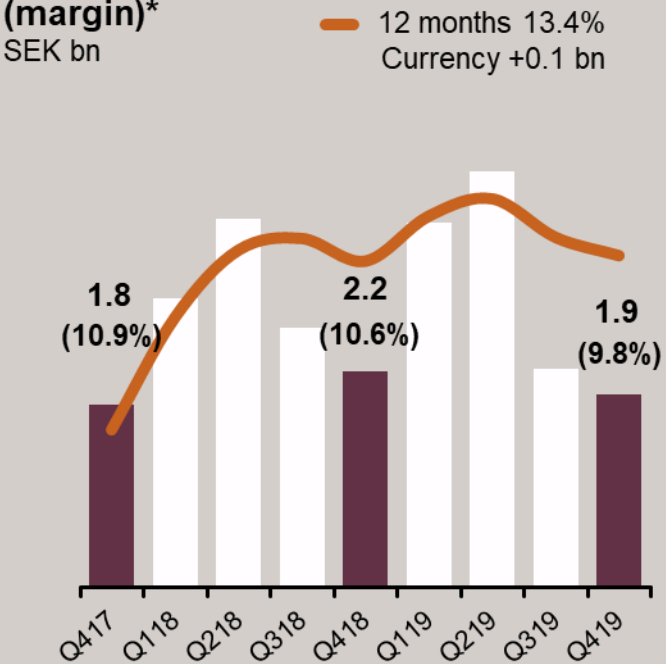
NET SALES
SEK bn



ADJUSTED OPERATING INCOME*
SEK M



ADJUSTED OPERATING INCOME (margin)*
SEK bn



*Adjustments, see note 7 in Q4 report:
Q4 2018: No adjustments
Q4 2019: No adjustments

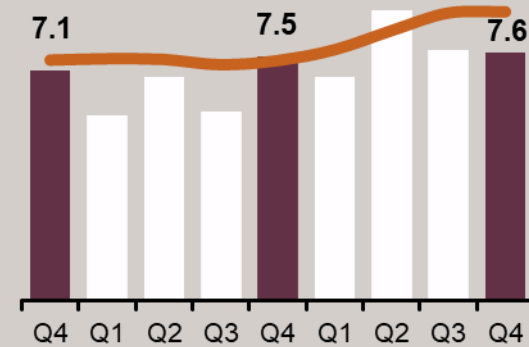
Buses

NET SALES & ADJUSTED OPERATING INCOME

- Net sales currency-adjusted -3%:
 - Vehicles -6%
 - Services +9%
- Adjusted operating income:
 - + Vehicles volumes and mix
 - Capacity utilization and S&A

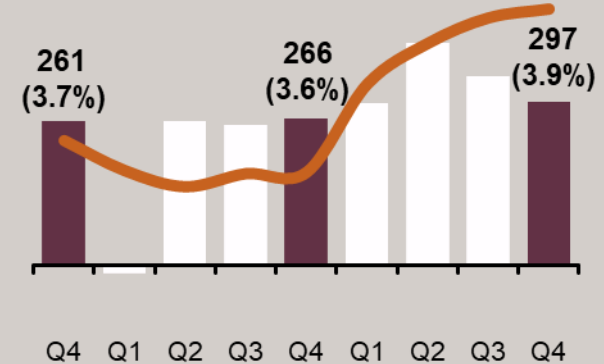
NET SALES

SEK bn 12 months 31.0 bn



ADJUSTED OPERATING INCOME (margin)*

SEK M 12 months 1,337 M
Currency +83 M



*Adjustments, see note 7 in Q4 report:
Q4 2018: Significant one-time item of SEK -190 M
Q4 2019: No adjustments

Volvo Penta

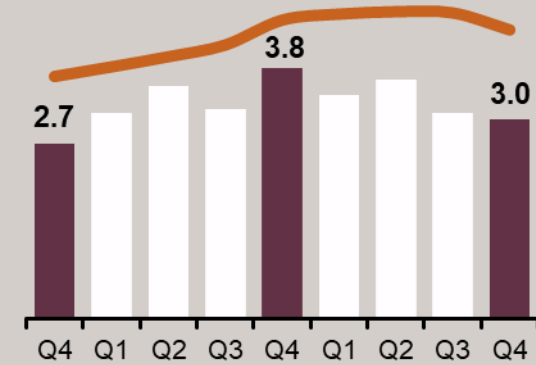
NET SALES & ADJUSTED OPERATING INCOME

- Net sales currency-adjusted -23%:
 - Engines -30%
 - Services +5%
- Adjusted operating income:
 - Lower volumes
 - R&D expenses
 - Selling expenses

NET SALES

SEK bn

12 months 13.3 bn



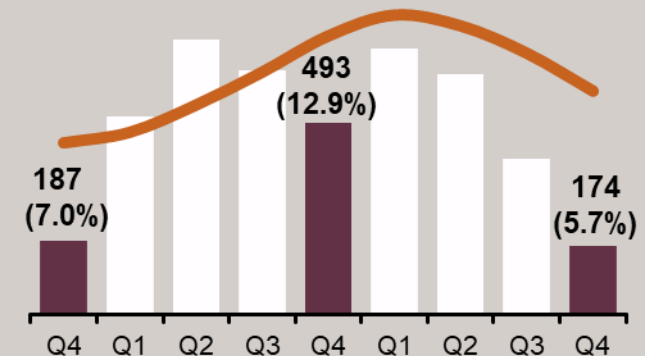
ADJUSTED OPERATING INCOME

(margin)*

SEK M

12 months 1,876 M

Currency +23 M



*Adjustments, see note 7 in Q4 report:

Q4 2018: No adjustments

Q4 2019: No adjustments

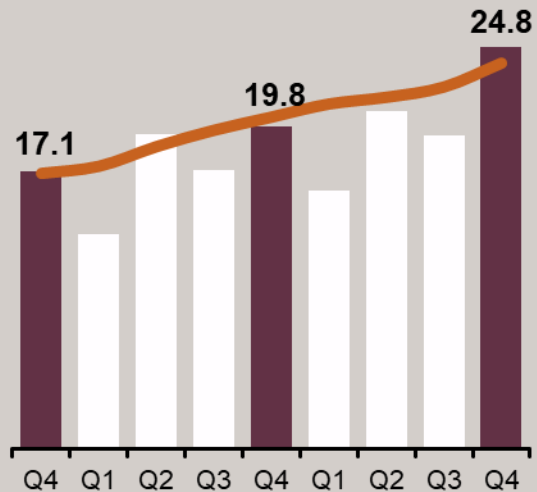
Financial Services

CREDIT PORTFOLIO AND PROFITABILITY

NEW RETAIL FINANCING

SEK bn

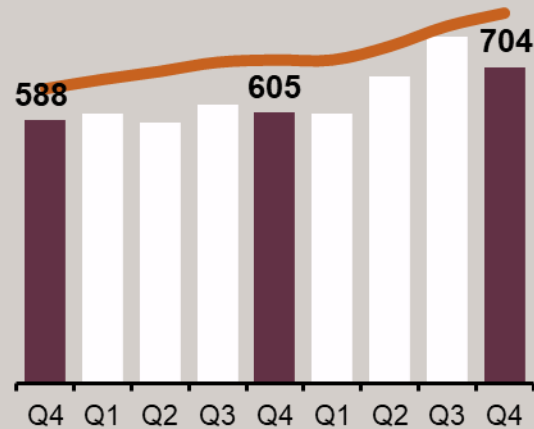
12 months 81.0 bn



ADJUSTED OPERATING INCOME*

SEK M

12 months 2,766 M
Currency +36 M

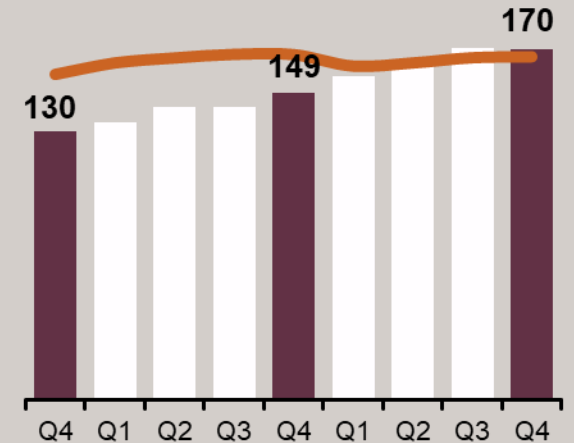


*Adjustments, see note 7 in Q4 report:
Q4 2018: No adjustments
Q4 2019: No adjustments


CREDIT PORTFOLIO & ROE

SEK bn

ROE* 12 months, 15.0%



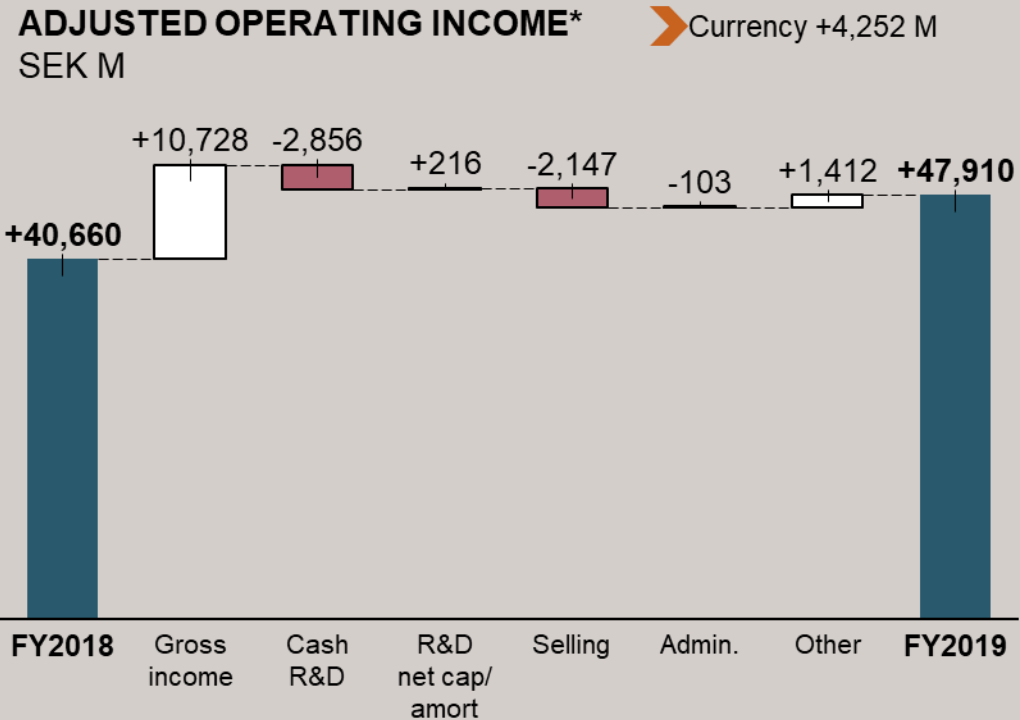
* Excluding positive revaluation effect in Q4 2017 of SEK 897 M related to new tax rates in USA.



Full year 2019

Volvo Group

ADJUSTED OPERATING INCOME FY2019



*Adjustments, see note 7 in Q4 report:

FY 2018: Significant one-time items of SEK -6,182 M

FY 2019: Significant one-time items of SEK +1,621 M

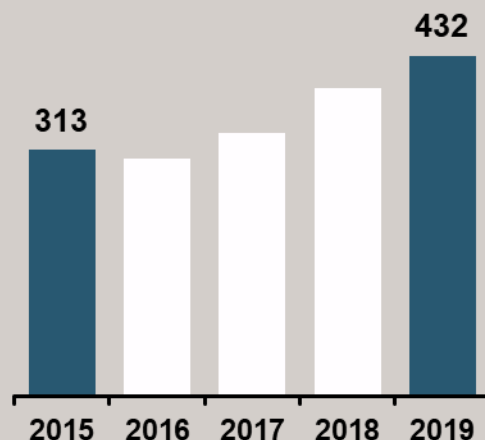


Volvo Group

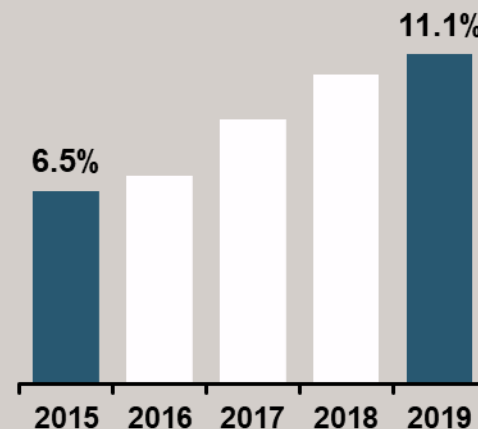
FY2019 HIGHLIGHTS

- Highest net sales and adjusted operating income so far:
 - Net sales: SEK 432 bn
 - Adjusted op. inc. SEK 47.9 bn
- Operating cash flow: SEK 38.3 bn
- Net cash position: SEK 62.6 bn
(excl. pension and leases liabilities)
- Proposed ordinary dividend of SEK 5.50 (5.00) and an extraordinary dividend of SEK 7.50 (5.00)

NET SALES
SEK bn



ADJUSTED OPERATING MARGIN*
%



*Adjustments, see note 7 in Q4 report:
FY 2014-2018: See annual reports
FY 2019: Significant one-time items of SEK +1,621 M



VOLVO
VOLVO GROUP

The image is a composite background. The left side shows a dark Volvo truck parked on a grassy bank next to a body of water, with a large, leafless tree in the foreground. The right side shows a hazy landscape with several trees under a bright, orange-hued sky, suggesting a sunrise or sunset. A semi-transparent blue square is centered over the image, containing the Volvo logo and the text 'VOLVO GROUP' in white.